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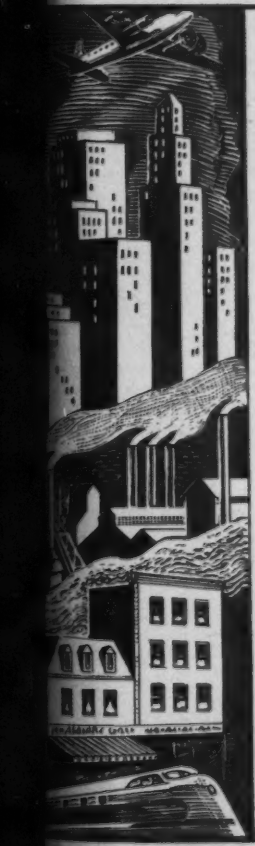

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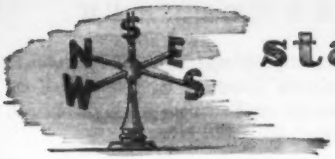

state tax trends

Alaska State Taxes

THE attainment of statehood by Alaska, after many years of territorial status, focuses special attention upon this new state as a center of business activity.

Alaska's *territorial* taxes have now become *state* taxes.[1]

The territorial legislature imposed upon corporations and others tax and report requirements similar, in most respects, to those of the states. These include a corporation income tax, also involving withholding at the source from wages of employees, business license taxes on various types of business activity, an annual corporation tax nominal in amount and annual reports or statements.

Annual Corporation Taxes

The income tax, as imposed upon corporations, is 18% of the total income tax payable for the same taxable year to the United States upon income derived from sources within the Territory, payment being made to the Tax Commissioner at Juneau. Direct allocation is permitted where practicable; otherwise a statutory formula is used, involving real and tangible personal property plus compensation for personal services within the state, as related to the combined total from these factors both within and without the state.

Every employer making payment of wages or salaries from which the Federal Income Tax is required to be withheld, is required to deduct and withhold a tax under the Alaska Income Tax Act in the amount of 14% of the tax deducted and withheld under the provisions of the Internal Revenue Code. Quarterly returns and payments are made to the Tax Commissioner, Department of Taxation, at Juneau.

Domestic and foreign corporations are required to pay an annual Corporation Tax of $15 to the Director of Finance at Juneau on or before January 1.

Those carrying on business in Alaska are obliged to file an application for a Business License Tax and pay an initial fee of $25 annually on or before January 31 to the Tax Commissioner. The total fee is the $25, plus ½ of 1% of the gross receipts in excess of $20,000, but not over $100,000 from the business during the calendar year, and ¼ of 1% on excess over $100,000 per annum. The balance of the fee, above the $25 paid on January 31, is due on the following December 31 and must be paid on or before the last day of the following February. A surety bond may be required to be filed by contractors under certain circumstances.

It may be anticipated that when questions arise regarding Alaska taxes, the new Alaska State courts will find authority in the rules laid down in decisions of the Supreme Court of the United States respecting state taxes. Also, that these Alaska courts will find persuasive the pertinent tax decisions of the state courts of other states of the United States.

[1] Constitution of the State of Alaska, Article XV, Section 1.

Prior to statehood, the Federal courts were presented relatively seldom with questions concerned with the validity of territorial taxes. However, the present income tax, imposed by Chapter 115, Laws of 1949, was held valid in *Alaska Steamship Company v. Mullaney, Commissioner of Taxation,* 84 F. Supp. 561, affirmed 180 F. 2d 805.

domestic corporations

DELAWARE

Exchange of cash for stock in merger of parent and subsidiary Delaware corporations upheld under Section 253, where parent owned over 90% of stock of subsidiary.

This was an action by certain minority stockholders to enjoin the consummation of a merger of two Delaware corporations, the defendants, one of which owned over 95% of the stock of the other. By the terms of the merger the minority stockholders in the subsidiary corporation were to be paid entirely in cash for their stock interest. Defendant corporations contended that a 1957 amendment to Section 253, Title 8 of the Delaware Code authorized such an exchange where, as here, the parent owned at least 90% of the stock of the subsidiary. Plaintiffs argued that Section 253 as amended is not a grant of power to merge but only a simplification of procedure in cases of 90% or greater stock ownership; that the power to merge is found in 8 Del. C. Section 251 which does not authorize (except as to fractional shares) the exchange of cash for stock.

The Court of Chancery, New Castle County, took the view that the language in the amendment that the resolution shall state "the terms and conditions of the merger, including the securities, cash or other consideration to be issued" suggests that cash is to be considered as a separate and independent consideration for the stock to be exchanged. The court concluded that by the 1957 amendment to Section 253 it was intended to make a substantive as well as a procedural grant of power, and that the language by fair implication authorizes the adoption of a plan by which shares are to be exchanged for cash alone. Defendant's motion for summary judgment of dismissal was granted.

Coyne et al. v. Park & Tilford Distillers Corporation et al., Court of Chancery of Delaware, New Castle County, December 4, 1958. H. James Conaway, Jr. of Wilmington, for plaintiffs. Aaron Finger of Richards, Layton and Finger of Wilmington, for defendants. (*Motion for reargument or for a new hearing denied, December 17, 1958.*)

DISTRICT OF COLUMBIA

Corporation reincorporated under 1954 Act held entitled to transfer the conduct of its principal business outside the District.

This was an action by a stockholder of a corporation organized in the District of Columbia to prohibit the corporation from conducting its principal business outside the District. Defendant company had been incorporated under the Corporation Act of 1901 and reincorporated under the Corporation Act of 1954. Plaintiff cited Sec. 3 of the 1954 Act, which provides "that no corporation may be organized under this chapter unless the place where it conducts its principal business is located within the District of Columbia."

The United States District Court for the District of Columbia considered dispositive of the case Sec. 142 of the 1954 Act which provides that "all privileges, franchises and powers" which had belonged to a corporation before the 1954 Act are "ratified, approved and confirmed and assured to such corporation" by the 1954 Act. Since the Corporation Act of 1901 contained no prohibition of the kind here involved, the defendant had the power to conduct its principal place of business outside the District, "a basic common law right," and this power was preserved under Sec. 142 of the 1954 Act.

In addition, the court found cogent reasons for holding that, even if the restriction were applicable to the defendant, it would not prevent it from transferring its principal place of business from the District. In this connection, the Court cited numerous sections of the 1954 Act, the language of which it construed as contemplating that a corporation's "principal place of business may be outside the District after organization," and concluded that the restriction meant only that a corporation must conduct its principal business in the District at the time of incorporation.

Murphy v. Washington American League Base Ball Club, Inc., et al., 167 F. Supp. 215. John B. Jones, Jr., Joel Barlow, and Daniel H. Gribbon, for the plaintiff. John E. Powell, for defendants.

MARYLAND

Corporations "continued" after dissolution for purposes of criminal proceedings against them.

Defendant Maryland and Delaware corporations were indicted for alleged violations of the Sherman Act. The corporations were dissolved less than one month later and moved to dismiss the indictment on the ground, among others, that upon dissolution of a corporation, a pending criminal proceeding can go no farther.

The United States Court of Appeals, Fourth Circuit, noting a division of authority on the question, nevertheless concluded that the dissolution of the defendant corporations did not extinguish their liability in pending criminal proceedings against them. The court construed the pertinent Maryland and Delaware Statutes, which continue the bodies corporate for the purpose of any action, suit or proceeding commenced before dissolution, to include a pending criminal proceeding against them.

Melrose Distillers, Inc. et al. v. United States, 258 F. 2d 726. Robert S. Marx of Cincinnati, Ohio (Roy G. Holmes of Cincinnati, Ohio, Hilary W. Gans, Markell, Veazey & Gans, of Baltimore, and Nichols, Wood, Mark & Ginter of Cincinnati, Ohio, on brief), for appellants. Wilford L. Whitley, Jr., Attorney, Department of Justice of Alexandria, Va. (Victor R. Hansen, Asst. Atty. Gen., George H. Schueller, Attorney, Department of Justice, Washington, D. C., and Leon H. A. Pierson, U. S. Atty., Norfolk, Va., on brief), for appellee.

MASSACHUSETTS

Stock option plan of Massachusetts corporation ruled not illegal where employees granted the options were permitted to purchase stock partly through crediting of dividends declared upon the stock purchased.

This was an appeal from a judgment entered for the defendant corporation in a suit brought by a minority stockholder to enjoin his corporation from putting an employees' stock option plan into operation. The plan, as approved by the directors and stockholders, over plaintiff's strong opposition, provided for the allocation for purchase by certain employees on the installment plan of not more than 20,000 shares of the authorized but unissued shares of the company under specified conditions. Payment could be made in installments over a period of up to ten years either by authorized payroll deductions, or by crediting dividends paid on the shares issued, or by cash payments, but by the end of five years at least 50% of the purchase price had to come from a source other than dividends, i. e. payroll deductions or cash payments. Upon signing a purchase agreement and making his first payment, the employee became the owner of the shares purchased and as such entitled to dividend and voting rights.

Overruling contentions of the plaintiff, the United States Court of Appeals, First Circuit, concluded that the plan, involving the issuing of stock to some employees with a small down payment and thereafter permitting a substantial part of the purchase price to be paid by the crediting of dividends on the stock was not illegal by reason of the method of payment or because it granted, without consideration, valuable options to buy stock on more favorable terms than could be obtained by the plaintiff, who was a stockholder but not an employee of the company.

McPhail v. The L. S. Starrett Company, 257 F. 2d 389. Walter Powers, with whom Walter Powers, Jr., was on brief, of Boston, for appellant. Charles B. Rugg, with whom Fred B. Lund, Jr., Henry S. Streeter and Ropes, Gray, Best, Coolidge & Rugg were on brief, of Boston, for appellee.

MICHIGAN

Charter amendment, broadening the corporate purposes so as to permit a company to engage in the investment business, upheld.

Defendant was a stockholder in plaintiff corporation, which had only one class of stock and had as its original corporate purpose the construction and operation of a vehicular and pedestrian tunnel beneath the Detroit River, connecting the cities of Detroit, Michigan, and Windsor, Ontario, Canada. Defendant voted against an amendment designed to enlarge the corporate powers to permit the company to engage in the investment business, contending the amendment resulted in the impairment of his rights guaranteed by the contract clause, the due process clause and the equal protection clause of the Fourteenth Amendment to the Federal Constitution and the State Constitution.

In an action brought by the corporation in the nature of a petition for a declaration of rights, the Supreme Court of Michigan concluded that there had not been an impairment of stockholders' rights of the type outlined by the defendant, observing: "Defendant had no vested right to the payment of dividends. His certificate of stock impliedly contained a provision permitting the alteration in the articles of incorporation of the company by a majority of the shareholders voting at a properly conducted meeting for that purpose."

Detroit & Canada Tunnel Corporation v. Martin, 91 N. W. 2d 525. Bodman, Longley, Bogle, Armstrong & Dahling of Detroit, for appellant. Hill, Lewis, Andrews, Granse & Adams of Detroit, for appellee.

NEW YORK

Alleged restriction on transfer, not printed on certificate, ruled not effective.

Plaintiff corporation sued to compel defendant corporation to transfer on its books to the name of the plaintiff a stock certificate for certain shares of capital stock, and to deliver to plaintiff a new certificate in due and proper form. Defendant refused, alleging a stockholders' agreement restricting transfer of shares without first offering them to the remaining stockholders for purchase. The certificate of stock in question contained no such restriction on its face, although defendant alleged, and plaintiff categorically denied, that a typewritten notation of the restriction was clipped by a paper clip to the certificate when delivered to plaintiff.

The Supreme Court found that the provisions of Section 176 of the Personal Property Law, requiring restrictions on the transfer of shares to be stated upon the certificate, were not met, and that therefore no restriction could be attached to the stock in question. The court remarked that "any other conclusion would open wide the door to all kinds of frauds in derogation of Section 176 of the Personal Property Law." Judgment was entered directing defendant corporation to transfer the shares to plaintiff on its books, and to deliver to plaintiff a new certificate.

H. M. R. Enterprises, Inc. v. National Offset, Inc., 177 N.Y.S. 2d 797. Kent, Hazzard, Jaeger & Wilson of White Plains, for plaintiff. Louis B. Brodsky of New York City, for defendant.

Defendant in a stockholder's derivative action held not entitled to security for costs, even though the value of plaintiff's stock did not exceed the statutory minimum of $50,000 until after defendant's motion to require posting of security.

Plaintiff instituted a stockholder's derivative action in the New York Supreme Court, Special Term, New York County, Part I. At the time of the institution of the action, plaintiff owned 140 shares of the common stock having a market value of $1,575. Defendant made a motion to require plaintiff to post security for costs pursuant to Section 61 of the General Corporation Law. Section 61 requires that the plaintiff be a stockholder at the time of the transaction of which he complains, and Section 61-b requires that a plaintiff who does not own either 5%, or $50,000 worth, of the outstanding shares give security for costs. To avoid giving security for costs, plaintiff moved to permit the intervention of other parties as plaintiffs having a total value of stock of upwards of $70,000.

The court granted the motion for intervention holding that the requirements of Section 61 should not be read into Section 61-b. The court stated that, in order to bring a derivative action, it was sufficient that the plaintiff owned stock, however little, at the time of the commission of at least one of the wrongs complained of; to avoid giving security for costs, it was sufficient that a combination of plaintiffs owned $50,000 worth of stock even as late in the proceedings as following a motion made by the defendant for security for costs. It was not necessary, as contended by the defendant, that in order to avoid giving security the applicants must have owned more than $50,000 worth of stock with respect to each cause of action at the time of the acts complained of.

Perry v. Shahmoon Industries et al., 172 N.Y.S. 2d 245. Davies, Hardy & Schenck (John W. Burke, Jr., Burton H. Brody, of counsel) of New York City, for plaintiff. Jacob Freed Adelman of New York, for defendant Salomon. Shatzkin & Cooper of Brooklyn, for all other defendants.

foreign corporations

FLORIDA

Plaintiff held not barred from foreclosing mortgage in Florida where plaintiff's assignor was a dissolved foreign corporation which had not qualified in Florida.

This was an appeal to the District Court of Appeal of Florida from a judgment of foreclosure in a county court. Defendant raised as a ground, among others, for reversal the fact that the original mortgagee, plaintiff's assignor, was a foreign corporation which had never complied with Chapter 613, Fla. Stat.,

F.S.A. This chapter requires the qualification of foreign corporations and provides that a failure to do so "shall not affect the validity of any contract with such foreign corporation, but no action shall be maintained or recovery had in any of the courts of this state by any such corporation, or its successors or assigns, so long as such foreign corporation fails to comply with the provisions of the chapter."

The District Court of Appeal considered conclusive on this point the holding of the Supreme Court of Florida that this section does not apply to "single transactions nor to the collection by a foreign corporation of debts due it for goods sold or otherwise contracted, or its action in adjusting or compromising such debts or acceptance within the state of evidence of such debts or of security therefor." The court observed that, since plaintiff's assignor had been dissolved, "it is difficult to see how it could ever comply with the statute even if it were otherwise applicable."

Rubin v. Kapell, 105 So. 2d 28. W. D. Bell of Miami, for appellants. Claude Pepper Law Offices, Allen Clements, Jr., and Alfred Hopkins of Miami, for appellee.

NEW YORK

Statutory penalty imposed on unlicensed foreign corporation is limited to the denial of the maintenance of suit upon a contract made in state, prescribed in Section 218, G. C. L.

This was an action brought to enjoin respondent foreign corporation from using a name similar to that of petitioner company. Petitioner was not licensed to do business in New York. Section 210 of the General Corporation Law provides that a foreign corporation, other than a moneyed corporation, "shall not do business in this state without having first obtained from the secretary of state a certificate of authority," and the respondent urged that the petitioner was to be denied an injunction because of failure to obtain such authorization.

The New York Supreme Court, Albany County, said that while respondent's argument "might be persuasive in the absence of statute, Section 218 of the General Corporation Law provides: 'A foreign corporation, other than a moneyed corporation, doing business in this state shall not maintain any action in this state upon any contract made by it in this state, unless before the making of such contract it shall have obtained a certificate of authority.' Hence by statute the penalty imposed on a foreign stock corporation for doing business in New York without the certificate of authority required by Section 210 of the General Corporation Law is limited to that prescribed in Section 218." Since petitioner's application for an injunction was not an action upon a contract, the penalty imposed by Section 218 was held not available as a defense.

Dunkin' Donuts of America, Inc. v. Dunkin Donuts, Inc. et al., 176 N.Y.S. 2d 915. Murphy, Aldrich, Guy, Broderick & Simon (Morris Simon, of counsel), of Troy, for petitioner. Ungerman & Greenberg (Benjamin Ungerman, of counsel), of Troy, for respondent Jack J. Kessler. Samuel D. Cooper of Albany, for respondents Dunkin Donuts, Inc., Stanley M. Uzdavinis and Samuel D. Cooper.

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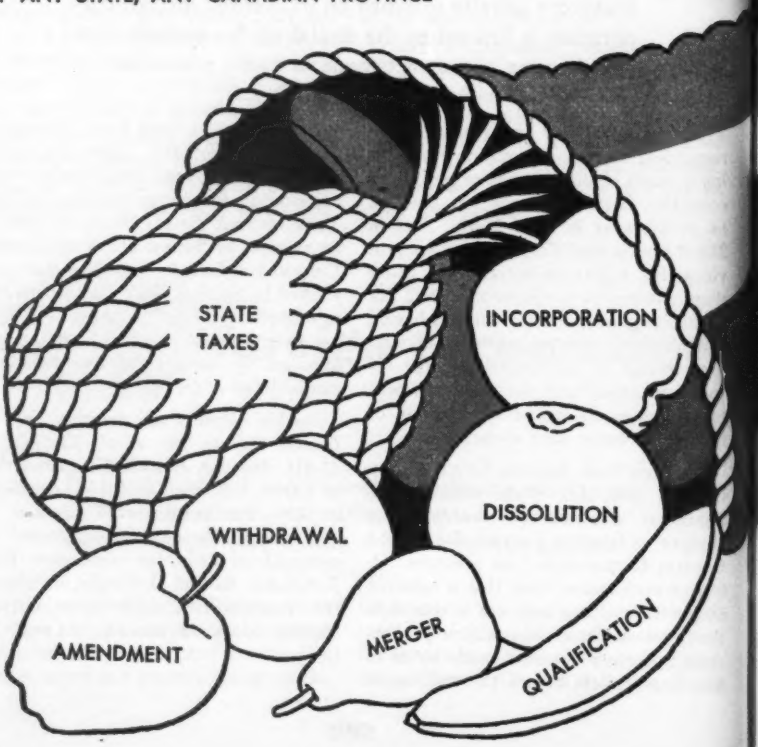

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Where nature of cause of action brought against New Jersey corporation in New York court was not shown, corporation held not subject to jurisdiction in New York.

Appearing specially, defendant foreign corporation moved to vacate service of process upon it on the principal ground that it was not doing business within New York and was therefore not subject to the jurisdiction of New York courts. Defendant, a New Jersey corporation whose sole business was the operation of a hotel in Atlantic City, New Jersey, had engaged a resort service company in New York City to perform certain services on its behalf. Summons in the case was served on one of the owners of the resort service and forwarded to the defendant in New Jersey.

The Supreme Court, Special Term, New York County, Part I, while expressing agreement with the ruling enunciated by the federal courts that it is necessary that the defendant "have certain minimum contacts" with the state of the forum so "that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice,'" nevertheless held that the rule could not be applied here. The court regarded as the essence of the doctrine that the particular suit involved be one which, in reason and justice, should be defended in the state of the forum, and observed that, in the instant case, the nature of the cause of action, (whether contract or tort, the place of performance or the place of injury), did not appear. Asserting the burden to be on the plaintiff to show jurisdiction by a statement of the facts, which the plaintiff failed to do here, the court granted the motion to vacate the service of process.

Schwartz v. Breakers Hotel Corporation, 178 N.Y.S. 2d 393. Bernard J. Gomberg, for plaintiff. Lawless & Lynch (Richard C. Mooney, Jr., of counsel), for defendant.

UTAH

Acts, incidental to the entire interstate character of a contract, ruled not sufficient to constitute doing business so as to void the contract.

The question involved was whether or not an unlicensed New York corporation was doing business in Utah so as to void any contracts made by it with its local distributors. Plaintiffs were holders in due course of trade acceptances signed by the defendants with the New York corporation, which had not qualified to do business in Utah at the time the contracts were entered into. Under these contracts, the New York company agreed to perform certain acts such as sending guarantees to consumers in Utah when requested by the dealer; advertising through circulars sent directly to the individual addresses of 200 persons whose names were to be submitted by the dealer; sharing one-half the expense of newspaper advertising; furnishing literature and advertising matter to the dealer gratis, and sending an agent into the state when requested by the dealer to make calls with the dealer on prospects in order that the dealer might sell the New York corporation's products to ultimate consumers.

The Utah Supreme Court noted that few, if any, of the acts were actually performed by the foreign corporation and was "of the opinion that even if they had been performed by the company none of them individually would be sufficient to constitute doing business within the state." The court regarded these acts as "a part of and incidental to the entire interstate character of the contract," and being interstate in character "were not sufficient to constitute doing business in the state so as to void the contracts."

East Coast Discount Corporation et al. v. Reynolds et al.,* Utah Supreme Court, May 13, 1958. White, Arnovitz & Smith of Salt Lake City, for plaintiffs. Benjamin Spence of Salt Lake City, for defendants; 325 P. 2d 823.

* The full text of this opinion is printed in the **State Tax Reporter**, Utah, page 356.

taxation

WASHINGTON

Business and occupation tax, applicable to local wholesaler and manufacturer, held not subject to apportionment for headquarters maintained in another state and sales made elsewhere.

The appellant corporation was unsuccessful in obtaining a refund of the Washington business and occupation tax, imposed upon it by reason of two taxable activities—(1) one as a wholesaler selling pulp and paper to customers within the state, and (2) as a manufacturer of pulp and paper products. Appellant conceded that the physical manufacturing was completely effected within the state. Having paid the tax on goods sold to customers within and without the state, appellant argued that, since it had headquarters in California which directed its manufacturing activities in Washington, a portion of the cost of maintaining this activity carried on outside the state was to be deducted from the gross sales price. The Supreme Court of Washington, however, concluded the tax imposed on "manufacturing" does not "merit an apportionment merely because a portion of the executive function of directing the manufacturing activity is carried on from outside this state." The court emphasized that the incident upon which the tax was imposed, that is, manufacturing, was purely a local activity and, hence, was properly taxable.

The taxpayer also contended that, since its sales promotion activities carried on outside the state were reflected in the gross sales price of commodities sold within Washington, an apportionment of the wholesale tax was required by constitutional provisions which were cited. This contention was also overruled.

Crown Zellerbach Corporation v. State of Washington,* 328 P. 2d 884. Holman, Mickelwait, Marion, Black & Perkins, J. Paul Coie and Andrew M. Williams of Seattle, for appellant. John J. O'Connell, Atty. General, Keith Grim, Sp. Asst. Atty. General, for respondent.

* The full text of this opinion is printed in the **State Tax Reporter**, Washington, page 10,227.

state legislation

General — Forty-six State Legislatures are scheduled to meet in regular session in 1959. The states which normally omit regular sessions in the odd-numbered years are Kentucky, Mississippi and Virginia.

Discussions on Corporation Law

Limited Liability and Payment for Shares, by Bernard F. Cataldo. 19 University of Pittsburgh Law Review, Summer, 1958, pp. 727-776.

In Personam Jurisdiction over Foreign Corporations on Basis of One Act in State, by Alan P. Smith. Cornell Law Quarterly, Fall, 1958, p. 117.

Stock Transfer Restrictions, by Robert S. Banks. Cornell Law Quarterly, Fall, 1958, p. 133.

"Principal Place of Business" of Corporation Under Diversity of Jurisdiction Statute, by David A. Ticktin. New York Law Journal, Vol. 140, No. 102, November 26, 1958, page 4.

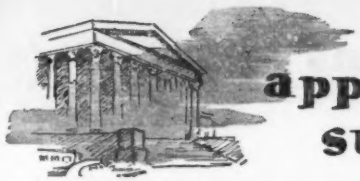
"Subchapter S Corporations," by Max E. Meyer. Taxes—The tax Magazine, December, 1958, page 919.

Note on New Federal Stock Transfer Tax Basis

The Excise Tax Technical Changes Act of 1958 amended the 1954 Internal Revenue Code, effective January 1, 1959, to provide for basing the documentary stamp tax on the transfer of stock on the *actual value* of the shares transferred.

Although no regulations under the new law have as yet been prescribed, the Office of the Commissioner of Internal Revenue has indicated informally that, with respect to transfers by sale, the selling price shall be considered to be the "actual value" where the stock is sold in an arm's length transaction, and without being subject to special conditions that fix a price not reflecting the ordinary market price. With respect to transfers by gift or bequest, the mean between the high and low selling prices on the day of the gift or bequest shall be considered to be the "actual value" of the stock, these observations applying whether or not the sale or transfer is of a listed security.

The actual value of stock transferred which does not fall within the above is to be determined on the basis of all the facts and circumstances of the particular case.



appealed to the supreme court

The following cases previously digested in The Corporation Journal have been appealed to The Supreme Court of the United States.*

GEORGIA. Docket No. 33. *Stockham Valves & Fittings, Inc. v. Williams,* 101 S. E. 2d 197. (The Corporation Journal, December 1957—January 1958, page 55.) Corporation income tax—interstate commerce. **Petition for writ of certiorari filed, February 3, 1958. Certiorari granted, March 17, 1958.** (78 S. Ct. 670.) **Argued, October 15, 1958.**

LOUISIANA. Docket No. 142. *Brown-Forman Distillers Corporation v. Collector of Revenue,* 101 So. 2d 70. (The Corporation Journal, August—September, 1958, page 134.) Income tax—income received by corporation engaged only in interstate commerce. **Petition for writ of certiorari filed, June 30, 1958.**

MINNESOTA. Docket No. 12. *Minnesota v. Northwestern States Portland Cement Co.,* 84 N. W. 2d 373. (The Corporation Journal, August—September, 1957, page 14.) Income tax—income received by corporation engaged only in interstate commerce. **Appeal filed, November 12, 1957. Probable jurisdiction noted, January 6, 1958. Argued, October 14, 1958.**

NORTH CAROLINA. Docket No. 524. *ET & WNC Transportation Company v. Currie,* 104 S. E. 2d 403. (The Corporation Journal, October—November, 1958, page 156.) Income tax—interstate commerce—common carrier corporation. **Appeal filed, November 18, 1958.**

OHIO. Docket No. 9. *Youngstown Sheet & Tube Co. v. Bowers,* 166 O. S. 122, 140 N. E. 2d 313. (The Corporation Journal, February—March, 1958, page 72.) Property taxes — ores imported from foreign countries. **Appeal filed, October 30, 1957. Probable jurisdiction noted, January 6, 1958. Motion of City of Algoma to strike brief, as amici curiae, of Bruce Bromley, et al. denied, October 20, 1958. Argued, November 12, 1958.**

PENNSYLVANIA. Docket No. 434. *Commonwealth v. Universal Trades, Inc.,* 141 A. 2d 204. (The Corporation Journal, August—September, 1958, page 135.) Capital stock tax basis—intangible assets located outside Pennsylvania. **Appeal filed, October 9, 1958. December 8, 1958:** *Per curiam:* "The motion to dismiss is granted and the appeal is dismissed. Treating the papers whereon the appeal was taken as a petition for writ of certiorari, certiorari is denied." (79 S. Ct. 231.) **Petition for rehearing denied, January 12, 1959.**

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* Data compiled from **CCH U. S. Supreme Court Bulletin.**

regulations and rulings

Alabama— Stocks of goods, wares, merchandise, supplies, raw materials and manufactured articles are not included in the types of property which may be exempted from ad valorem taxation under Sec. 3, Tit. 51, which authorized counties and cities to exempt new industry for ten years. The exemption is applicable only to the specific building in which the industry is located. (Opinion of the Attorney General, State Tax Reporter, Alabama, ¶ 200-038.)

Arkansas— Where a corporation is chartered for a specified limit of existence and such limit is reached, the corporation is automatically dissolved, and in order to do business must be reincorporated. A corporation cannot amend its articles of incorporation to extend the duration of the charter since it is in existence only for the purposes stated in the charter. (Opinion of the Attorney General, State Tax Reporter, Arkansas, ¶ 4-003.)

Florida— Stocks which are pledged as collateral for a loan, and stocks which are transferred to a corporation so that the corporation can use them as collateral are, in both instances, subject to the intangibles tax to the extent of their full cash value. (Opinion of the Attorney General, State Tax Reporter, Florida, ¶ 200-229.)

Accounts receivable owned by taxpayers on the date of assessment for intangible personal property taxation are considered to be subject to the tax whether such accounts receivable are derived from the profits of a Federal government contract or not. (Opinion of the Attorney General, State Tax Reporter, Florida, ¶ 200-231.)

Maryland— Any tangible personal property first brought into Maryland after June 1, 1958 for the purpose of engaging in or carrying on any business or for the purpose of making a profit is to be subject to the imposition of the use tax, except that where such property has first been used in another jurisdiction, a credit of 10% of the purchase price for each full year after its purchase is to be allowed in computing the tax imposed. (Rule 76, State Tax Reporter, Maryland, ¶ 60-281.)

Nevada— When the merger of two constituent foreign corporations qualified to do business in Nevada results in the formation of a new corporation, the new corporation must pay the fee based on the increase in capital stock for filing the certificate of merger in spite of the fact that one of the predecessor corporations had qualified to do business in Nevada prior to enactment of the statute requiring payment of the fee. (Opinion of the Attorney General to the Secretary of State, State Tax Reporter, Nevada, ¶ 200-095.)

some important matters

For February and March

This Calendar does not purport to be a *complete* calendar of all matters requiring attention by corporations in any given state. It is a condensed calendar of the more important requirements covered by the *State Report and Tax Bulletins* of The Corporation Trust Company. Attorneys interested in being furnished with timely and complete information regarding *all* state requirements in any one or more states, including information regarding forms, practices and rulings, may obtain details from any office of The Corporation Trust Company or C T Corporation System.

Alabama— Annual Franchise Tax Return due between January 1 and March 15.—Domestic and Foreign Corporations.

Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Franchise Tax due April 1, but may be paid without penalty until April 30.—Domestic and Foreign Corporations.

Alaska— Annual Report due between January 1 and March 1.—Domestic and Foreign Corporations.

Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Arizona— Returns of Information at the source due on or before February 16.—Domestic and Foreign Corporations.

Annual Statement of Mining Companies due between January 1 and April 1.—Domestic and Foreign Corporations engaged in mining.

Arkansas— Franchise Tax Report due on or before April 1.—Domestic and Foreign Corporations.

California— Returns of Information at the source and Returns of Tax Withheld at the source due on or before February 15.—Domestic and Foreign Corporations.

Franchise (Income) Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Colorado— Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Connecticut— Annual Report due on or before March 1.—Domestic and Foreign Corporations.

Income (Franchise) Tax Return due on or before April 1.—Domestic and Foreign Corporations.

Delaware— Tentative or Estimated Corporation Income Tax Return and 50% of estimated tax due on or before April 1.—Domestic and Foreign Corporations deriving income from business activities carried on in Delaware and from property located in Delaware.

Delaware — Continued

Final Corporation Income Tax Return and balance (50%) of estimated tax due on or before April 1.—Domestic and Foreign Corporations deriving income from business activities carried on in Delaware and from property located in Delaware.

District of Columbia — Returns of Information at the source due on or before February 28.—Domestic and Foreign Corporations.

Dominion of Canada — Returns of Information at the source due on or before February 28.—Domestic and Foreign Corporations.

Georgia — Report of Resident Stockholders and Bondholders due on or before March 1.—Domestic and Foreign Corporations.

Idaho — Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Illinois — Annual Report due between January 15 and February 28.—Domestic and Foreign Corporations.

Kansas — Returns of Information at the source due on or before March 1.—Domestic and Foreign Corporations.

Annual Report and Franchise Tax due on or before March 31.—Domestic and Foreign Corporations.

Kentucky — Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

List of Resident Stockholders and Bondholders due on or before March 15.—Domestic and Foreign Corporations.

Louisiana — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Capital Stock Statement due on or before March 1.—Foreign Corporations.

Maine — Annual License Fee due on or before March 1.—Foreign Corporations.

Massachusetts — Excise Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Minnesota — Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Annual Report due between January 1 and April 1.—Foreign Companies.

Mississippi — Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Missouri—Returns of Information at the source due on or before March 1.—Domestic and Foreign Corporations.

Annual Franchise Tax Report due on or before March 1.—Domestic and Foreign Corporations.

Montana — Annual Report of Capital Employed due between January 1 and March 1.—Foreign Corporations qualified after February 27, 1915.

Annual Report of Net Income due on or before March 31.—Domestic and Foreign Corporations.

Annual Report due on or before March 1.—Domestic and Foreign Corporations.

Nebraska — Statement to Tax Commissioner due on or before March 1.—Foreign Corporations.

Nevada — Annual Statement of Business due not later than the month of March.—Foreign Corporations.

New Hampshire — Annual Return due on or before April 1.—Domestic and Foreign Corporations.

Franchise Tax due on or before April 1.—Domestic Corporations.

New Mexico — Franchise Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Returns of Information at the source due on or before April 1.—Domestic and Foreign Corporations.

New York — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Annual Franchise Tax Report and Tax of Real Estate Corporations due between January 1 and March 1.—Domestic and Foreign Real Estate Corporations.

Returns of Tax Withheld at the source due on or before March 1.—Domestic and Foreign Corporations.

North Carolina — Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

North Dakota — Annual Report due between January 1 and April 1.— Foreign Corporations qualified prior to July 1, 1957.—

Annual Report due between January 1 and March 1.—Domestic and Foreign Corporations organized or qualified on or after July 1, 1957 or organized or qualified prior to July 1, 1957, which have elected to become subject to the North Dakota Business Corporation Act of 1957.

Ohio — Annual Franchise Tax Report and Franchise Tax due between January 1 and March 31.—Domestic and Foreign Corporations.

Annual Statement of Proportion of Capital Stock due between January 1 and March 31.—Foreign Corporations.

Oklahoma — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Oregon — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Annual Summary of Taxes Withheld at the source due on or before February 16.—Domestic and Foreign Corporations.

Rhode Island — Annual Report due during February.—Domestic and Foreign Corporations.

South Carolina — Annual License Tax Report and Tax due on or before March 31.—Domestic and Foreign Corporations.

Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

South Dakota — Annual Capital Stock Report due before March 1.—Foreign Corporations.

Texas — Annual Franchise Tax Report due between January 1 and March 15.—Domestic and Foreign Corporations.

United States — Returns of Information at the source due on or before February 28.—Domestic and Foreign Corporations.

Income Tax Return and one-half of balance of tax due on or before March 15.—Domestic and Foreign Corporations having an office or place of business in the United States.

Utah — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Vermont — Returns of Information at the source and Annual Reconciliation of Tax Withheld at the source due on or before February 15.—Domestic and Foreign Corporations.

Annual Report due on or before March 1.—Domestic Corporations.

Extension of Certificate of Authority due on or before April 1.—Foreign Corporations.

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Annual Franchise Tax due March 1.—Domestic Corporations.

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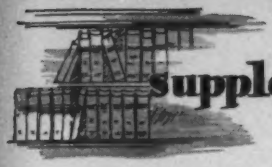
Annual Report due between January 1 and March 1.—Domestic and Foreign Corporations.

Wisconsin — Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Report due between January 1 and March 31.—Domestic and Foreign Corporations.



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